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Tunisia

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Report Highlights:

Despite smaller plantings, the 2007 Tunisian cereal crop is expected to increase by nearly 10 percent compared to last year's output, largely on account of better yields. MY 06 U.S.-origin corn imports are on track to capture more than three-quarters of the country's overall corn demand.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tunis [TS1]
[TS]

TABLE OF CONTENTS

SITUATION AND OUTLOOK

Production

The 2006 cereal crop (winter wheat and barley) harvested over the June-August period was officially estimated at nearly 1.605 million MT. This figure is roughly equivalent to Post's earlier estimate submitted in the last Grain & Feed report.

Overall cereal production broke down by type of cereal as well as by main growing regions as follows:

Unit: 1000 MT

2005/2006 season	North	Center & South	Total
Durum Wheat	880.2	146.4	1026.6
Soft Wheat	216.4	7.6	224.0
Barley	212.7	141.4	354.1
Total	1309.3	295.4	1604.7

Source: Tunisian Ministry of Agriculture..

Cereal plantings (durum wheat, soft wheat, and barley) at the start of the current 2006/2007 crop season decreased noticeably compared to the last season due to rainfall shortages during the 2006 fall and early winter. Plantings were behind schedule by an estimated 3 to 4 weeks in most regions as farmers, especially small ones, were waiting for rain to start sowing. Overall plantings are tentatively estimated at 1.3 million hectares, significantly down from the nearly 1.5 million hectares devoted to cereal production in the last season.

The crop outlook became brighter as precipitations received starting from the second half of December 2006 throughout late April 2007, were abundant and well distributed. Yields are therefore expected to be higher than those reported last year despite numerous outbreaks of fungus, which are, reportedly, becoming a serious issue due to the combined effect of excess moisture and high temperatures. Harvesting is expected to be later than usual due to the late start of the crop cycle.

The 2007 cereal crop, due to be harvested this summer, is tentatively pegged at 1.755 million MT. Although overall planted area is markedly lower compared to the one reported in last crop season, it is expected that better yields will result in an estimated 10 percent increase in cereal production this year.

The following table depicts Post's planting, yield and production current estimates for the three major cereals grown in Tunisia

Unit: 1000 MT

2006/2007 season	Plantings (1,000 ha)	Yield (MT/ha)	Output (1000 MT)
Durum Wheat	650	1.5	975
Soft Wheat	130	2.0	260
Barley	520	1.0	520
Total	1,300	n.a.	1,755

Source: AgTunis estimates

Wheat Production

Outlook for the 2007 wheat crop is tentatively pegged at 1.235 million MT, of which nearly 80 percent is durum wheat. Despite predictable losses due to serious fungus outbreaks, average yields for both durum and soft wheat are expected to be markedly higher than those recorded last year on account of better moisture conditions (respectively 25 percent and 28 percent higher)

Barley Production

Barley production for 2007 is expected to reach 520,000 MT, thus reflecting better yields. The average yield for barley is estimated at 1.0 MT/hectare, nearly 40 percent higher that the average yield reported in the last crop season.

Consumption

The overall wheat utilization is revised upward to 2.6 million MT to account for structural changes in the country's tourism sector whereby additional consumption driven by over two million tourists coming each year from Algeria and Libya, is reshaping domestic food supply for staples, including cereal products. Those visitors, unlike Europeans, have higher needs of wheat-based food items. Each year up to 200,000 MT are earmarked for seeding purposes. The remaining quantity (2.4 million MT) is channeled to the milling industry. Baking flour derived from soft wheat accounts for roughly 40 percent of the milling output whereas durum wheat semolina and products thereof (pasta & couscous) make up the balance.

Coarse grains' (barley and corn) quasi-exclusive utilization is livestock feeding. Barley consumption is erratic. It tends to soar during drought seasons, as barley is over-fed to cattle to make up the shortage of green forage. During MY 06 consumption is estimated at nearly 950,000 MT.

Corn usage is markedly up. The revival of the dairy sector, the nascent feedlot industry, as well as the complete recovery of the poultry sector from the aftermath of the series of AI outbreaks of late 2005 in some European and African countries, contributed to strengthen demand for corn. MY 06 corn usage is estimated at 700,000 MT. Nearly one third will be incorporated to ruminant feed and the remainder will be used as an ingredient in compounded feed for poultry.

Despite the current upward trend in corn consumption, demand outlook for MY 07 is tentatively pegged at the MY 06 level as high prices for corn are expected to exert downw ard pressure on corn usage.

Trade

Reflecting a below-average domestic wheat crop, MY 06 wheat imports are expected to reach 1.5 million MT, nearly 15 percent up compared to the overall quantity shipped into the country during the last marketing year. The bulk of wheat shipments are made up of soft wheat, a commodity for which Tunisia runs a structural deficit no matter how good the local harvest. MY 07 forecast for wheat imports is based on the assumption that overall wheat supply will remain nearly constant.

In MY 06, Black Sea countries (mainly Ukraine and Russia) and, to a lesser extent, France and Canada provided the bulk of wheat shipped into Tunisia. This wheat has been purchased at a substantial discount to U.S.-origin wheat, effectively blocking U.S. sales. Only a 20,000 MT shipment of durum wheat was reported so far during the current marketing year.

As for U.S.-origin wheat sales prospects in Tunisia for MY 07, there is some potential for durum sales as some private millers are interested in sourcing high quality durum wheat under toll-milling schemes (the so-called ‘temporary admission’) to meet their foreign customers’ specifications. Sales of HRW remain unlikely given the price spread with wheat sourced from FSU countries as well as nearby Europe.

MY 06 barley imports are expected to top 700,000 MT, a figure significantly higher than the 600,000 MT reported last marketing year, largely due to a relatively small barley crop harvested last summer. MY 07 import forecast at only 500,000 MT is expected to reflect a better domestic supply starting form the upcoming harvest.

MY 06 overall corn imports are estimated at 650,000 MT, roughly equivalent to the overall quantity shipped over the last marketing year. MY 07 forecast is pegging overall corn imports at 650,000 MT. This import level reflects continuing strong demand from poultry and dairy sectors alike.

In addition, the trade situation in the current marketing year is marked by the comeback of U.S.-origin corn after being largely displaced by Argentine corn during the last marketing year. U.S. corn is poised to capture over three –quarters of the Tunisian import market when MY 06 will wrap up. As Argentine export prices, have registered sharp increases following the overall trend on the international market, the price advantage over US-origin has nearly vanished.

Policy

Recent policy developments pertaining to the Tunisian cereal sector are as follows:

- When celebrating the Tunisian National Day for Agriculture on May 12, 2007, GOT announced farm-gate price increases for cereals. This move, similar to another adjustment granted in 2005, is meant to alleviate farmers' burden stemming from higher prices of production inputs such as fertilizers and fuel. Farm-gate prices for wheat and barley, are currently at respectively TD 315 per MT for durum wheat (equivalent to US$ 242.3 per MT at the current exchange rate of US$ 1.00/TD 1.30), TD 280 per MT for bread wheat (equivalent to US$ 215.4 per MT) and TD 200 per MT for barley (equivalent to US$ 153.8 per MT).

- Like in 2005, the Office of Cereals authorized private operators to participate in collecting the 2006 domestic cereal crop. Although the overall quantity collected by private entities is less than 5 percent of the overall collected crop, this move is widely interpreted as a prelude to a full liberalization of grain marketing in Tunisia. The legal framework, however, remains unchanged, as the Office of Cereals still enjoys wheat imports monopoly.

- GOT promulgated a decree on January 2007 (Decree # 2007-10 dated January 3 2007) whereby TRQ with a zero in-quota customs duty were set for the following grain products. Waiving customs duties on these products is meant to reduce feed prices in an attempt to bolster livestock production.

Tariff	Product	Quantity (in MT)
100300	Feed barley	700,000
120929	Feed sorghum	1,000
230230	Wheat bran	200,000
230310	Corn gluten feed	100,000
230330	DDGS	50,000

Source: Tunisian Decree # 2007-10

A similar measure was taken at the beginning of 2006 and resulted in filling rates of nearly 88 percent for barley, 36 percent for sorghum, 32 percent for wheat bran, and nearly 15 percent for gluten feed. DDGS, a new-to-market feed product for which a small 50,000 MT was announced in 2007 is being promoted by U.S. Grains Council as an alternate protein source in dairy rations.

II-STATISTICAL SECTION

PSD Table									
Country	**Tunisia**								
Commodity	**Wheat**						(1000 HA)(1000 MT)(MT/HA)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Harvested	827	827	827	800	800	836	0	0	700
Beginning Stocks	804	694	694	943	728	838	693	0	833
Production	1626	1626	1626	1300	1300	1250	0	0	1235
MY Imports	1263	1000	1310	1200	1200	1500	0	0	1500
TY Imports	1263	1000	1310	1200	1200	1500	0	0	1500
TY Imp. from U.S.	48	37	48	0	100	20	0	0	50
Total Supply	3693	3320	3630	3443	3228	3588	693	0	3568
MY Exports	100	192	192	100	200	155	0	0	150
TY Exports	100	192	192	100	200	155	0	0	150
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	2650	2400	2600	2650	2400	2600	0	0	2600
Total Consumption	2650	2400	2600	2650	628	2600	0	0	2600
Ending Stocks	943	728	838	693	3228	833	0	0	818
Total Distribution	3693	3320	3630	3443	800	3588	0	0	3568
Yield	1.966143	1.966143	1.9661	1.625	1.625	1.495215	0	0	1.764

NB: Import and export trade matrixes feature CY Trade figures because MY Trade figures are available on an aggregate basis only and therefore cannot be broken down by country of origin.

Export Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	CY	Units:	1,000 MT
Exports for:	**2005**		**2006**
U.S.	0	U.S.	0
Others		Others	
Libya	133	Libya	87
Senegal	6	Senegal	5
Niger	20	Niger	17
Total for Others	159		109
Others not Listed	33		46
Grand Total	**192**		**155**

Import Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	CY	Units:	1,000 MT
Imports for:	**2005**		**2006**
U.S.	0	U.S.	48
Others		**Others**	
France	77	France	203
Italy	0	Italy	24
Russia	229	Russia	154
Germany	0	Germany	43
Ukraine	483	Ukraine	404
Bulgaria	51	Bulgaria	100
Canada	22	Canada	172
Spain	27	Spain	10
Syria	81	Syria	79
Total for Others	970		1189
Others not Listed	73		164
Grand Total	**1043**		**1401**

PSD Table									
Country	Tunisia								
Commodity	Barley						(1000 HA)(1000 MT)(MT/HA)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Harvested	380	0	380	350	0	430	0	0	470
Beginning Stocks	175	0	175	240	0	240	190	0	300
Production	465	0	465	400	0	350	0	0	520
MY Imports	600	0	600	500	0	710	0	0	500
TY Imports	600	0	600	500	0	710	0	0	500
TY Imp. from U.S.	21	0	21	0	0	0	0	0	0
Total Supply	1240	0	1240	1140	0	1300	190	0	1320
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	950	0	950	900	0	950	0	0	950
FSI Consumption	50	0	50	50	0	50	0	0	100
Total Consumption	1000	0	1000	950	0	1000	0	0	1050
Ending Stocks	240	0	240	190	0	300	0	0	270
Total Distribution	1240	0	1240	1140	0	1300	0	0	1320
Yield	1.223684	0	1.223684	1.142857	0	1.142857	0	0	1.1063

Import Trade Matrix			
Country	Tunisia		
Commodity	Barley		
Time Period	CY	Units:	1000 MT
Imports for:	**2005**		**2006**
U.S.	58	U.S.	0
Others		Others	
Ukraine	176	Ukraine	241
Bulgaria	23	Bulgaria	0
Russia	51	Russia	50
France	81	France	41
Turkey	0	Turkey	20
UK	121	UK	23
Holland	102	Holland	72
Germany	50	Germany	99
Total for Others	604		546
Others not Listed	19		73
Grand Total	**681**		**619**

Corn

PSD Table									
Country	Tunisia								
Commodity	Corn						(1000 HA)(1000 MT)(MT/HA)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Harvested	1	0	1	1	0	1	0	0	0
Beginning Stocks	59	0	59	93	0	89	44	0	84
Production	1	0	1	1	0	1	0	0	1
MY Imports	683	0	640	700	0	650	0	0	650
TY Imports	624	0	640	700	0	650	0	0	650
TY Imp. from U.S.	402	0	360	0	0	500	0	0	500
Total Supply	743	0	700	794	0	740	44	0	735
MY Exports	0	0	11	0	0	6	0	0	10
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	650	0	600	750	0	650	0	0	650
FSI Consumption	0	0	0	0	0	0	0	0	0
Total Consumption	650	0	600	750	0	750	0	0	650
Ending Stocks	93	0	89	44	0	84	0	0	75
Total Distribution	743	0	700	794	0	740	0	0	735
Yield	1	0	1	1	0	1	0	0	1

Import Trade Matrix			
Country	Tunisia		
Commodity	Corn		
Time Period	CY	Units:	
Imports for:	**2005**		**2006**
U.S.	202	U.S.	440
Others		Others	
Argentina	264	Argentina	6
Ukraine	109	Ukraine	104
Romania	27	Romania	8
Russia	14	Russia	0
Bulgaria	41	Bulgaria	30
Total for Others	455		148
Others not Listed	5		0
Grand Total	**662**		**588**